

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

ORIGINAL

3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7647
REGULATORY AUTH.

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May 18, 1999
OFFICE OF THE
EXECUTIVE SECRETARY

NEW YORK OFFICE
919 THIRD AVENUE
NEW YORK, NY 10022

VIA OVERNIGHT DELIVERY

K. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

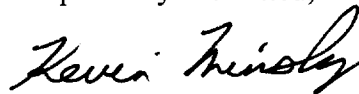
Re: **Docket No. 99-00211: Application of KMC Telecom III, Inc. for a Certificate of Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Resold Interexchange Telecommunications Services Throughout the State of Tennessee - IntraLATA Toll Dialing Parity Plan**

Dear Mr. Waddell:

At the request of Mr. Darrel Whitis of the Authority's staff, please find enclosed on behalf of KMC Telecom III, Inc. ("KMC III") an original and thirteen (13) copies of KMC III's IntraLATA Toll Dialing Parity Plan. The enclosed IntraLATA Toll Dialing Parity Plan replaces the plan filed by KMC III on April 28, 1999.

Please date-stamp the extra copy of this filing and return it to us in the self-addressed, prepaid envelope enclosed herein. Should you have any questions on this matter, please do not hesitate to contact Kevin Minsky at (202) 945-6920.

Respectfully submitted,



Eric J. Branfman
Kevin D. Minsky

Counsel for KMC Telecom III, Inc.

Enclosures

cc: Mike Duke
Paul W. Garnett, Esq.

KMC TELECOM III, INC.

INTRALATA TOLL DIALING PARITY PLAN

INTRODUCTION

KMC Telecom III, Inc. ("KMC III") has implemented the following processes which are designed to give end user customers the opportunity to designate a carrier for their intraLATA toll call traffic in those market areas where KMC III is a facilities-based local exchange service provider. IntraLATA toll calls will automatically be directed to the designated carrier without the customer having to dial an access code.

KMC III will comply with all pertinent Federal Communications Commission ("FCC") and Tennessee Regulatory Authority ("Authority") rules with regard to the provision of intraLATA toll dialing parity. KMC III intends to implement its intraLATA toll dialing parity plan no later than thirty (30) days following the Authority's approval of KMC III's dialing parity plan or July 22, 1999, whichever is earlier. KMC III will provide intraLATA toll dialing parity within all the exchanges in which it provides local exchange telecommunications services in the State of Tennessee. KMC III will associate with all the LATAs in which it provides local exchange telecommunications services in the State of Tennessee.

POLICIES

KMC III will deploy two-PIC (Primary Interexchange Carrier) technology in its switches enabling customers to pre-subscribe to either the same or two different carriers for their intraLATA and interLATA service.

Appropriate tariffs will be revised and filed in accordance with this plan.

KMC III will offer customers the ability to access all participating carriers by dialing the appropriate access code (10XXX/101XXXX).

All eligible KMC III end user telephone line numbers will be pre-subscribed and have a PIC associated with them. KMC III will not automatically assign toll customers to itself or any other carrier(s) unless and until the Tennessee Regulatory Authority implements intrastate, intraLATA toll dialing parity. *See second paragraph of Pre-Subscription Information.*

In the event that KMC III offers access to telephone numbers, operator services, directory assistance, and directory listings, it will offer such services in a nondiscriminatory manner.

CARRIER INFORMATION

Interexchange carriers will have the option of offering intraLATA service only or intraLATA and interLATA service.

Interexchange carriers will have the option of participating in all market areas or in a specific market area.

Interexchange carriers will be required to return a completed Non-Disclosure Agreement and Participation Agreement(s).

KMC III will not participate in billing disputes for intraLATA service between an alternative competing interexchange carrier and its customers.

KMC III representatives will not initiate or accept three-way calls from an alternative interexchange carrier in order to discuss pre-subscription.

Carriers wishing to participate will be requested to submit Access Service Requests/Translation Questionnaires to the Access Tandem owner and to KMC III.

CALL ELIGIBILITY/TOLL DIALING PLAN

All local service customers of KMC III will have calls routed according to the following plan:

If a KMC III Customer Dials:	The Call is Handled By/Routed To:
911	PSAP on originating line number
411/555-1212	KMC III's Directory Assistance Operator
0-	KMC III's Operator
0 + intraexchange number	IntraLATA Toll Provider
1 + 7 or 10 digits	IntraLATA Toll Provider
0 + 7 or 10 digits interexchange number	InterLATA Toll Provider
10XXX or 101XXXX + 0-	XXX/XXXX Carrier
10XXX or 101XXXX + 0 + 7 or 10 digits	XXX/XXXX Carrier
10XXX or 101XXXX + 7 or 10 digits	XXX/XXXX Carrier

If a KMC III customer originates a call to an alternative interexchange carrier's Operator by dialing 00-, the call will be routed to the PIC on that customer's line. If the customer originates a call to an alternative interexchange carrier's Operator by dialing an access code (e.g., 10XXX/101XXXX + 0-), the call will be routed to the XXX/XXXX carrier. In both cases, the carrier's switch is responsible for routing this call to the alternative interexchange carrier's Operator or to an announcement.

NETWORK INFORMATION

All originating intraLATA traffic will initially be routed via the incumbent Local Exchange Carrier (LEC) Access Tandem(s). Following conversion, direct trunks between the KMC III switch and the interexchange carrier location(s) may be provided when warranted by traffic volume.

Interexchange carriers must have Feature Group D trunks in place (or ordered) between their point of presence and the incumbent LEC Access Tandem(s).

KMC III will route all originating intraLATA traffic to the designated carrier and will only block traffic at the request of the end user customer and/or in compliance with regulatory requirements. Requests from carriers to block traffic or to remove customers from their network will not be honored. Calls that cannot be completed to a carrier will be routed to an announcement.

CUSTOMER NOTIFICATION/EDUCATION PROCEDURES

Consistent with the IntraLATA toll dialing parity implementation date, KMC III will include an insert in customer bills explaining that Tennessee consumers now have a choice of intraLATA toll providers. The insert will also detail procedures for choosing IntraLATA toll providers.

CUSTOMER CONTACT INFORMATION

KMC III customer contact representatives will process customer initiated PIC selections to KMC III or to an alternative intraLATA carrier. Carriers will have the option of allowing the KMC III representative to process PIC requests on their behalf.

KMC III will not ballot or allocate its customer base. At the time of conversion, all customers will be "PIC'd" to KMC III unless another carrier is chosen by the particular customer.

KMC III customer contact representatives will respond to customer inquiries about intraLATA carriers in a competitively neutral fashion. If a customer requests information on alternative carriers other than KMC III, a list of participating carriers will be read to that customer in random order by KMC III representatives.

If the intraLATA toll carrier selected by the customer permits KMC III to process orders on its behalf, KMC III will accept the PIC change request. If the customer selects an intraLATA toll carrier that does not allow KMC III to process PIC changes on its behalf, KMC III will provide the customer with the carrier's toll-free number (if provided by the carrier).

KMC III representatives will not discuss alternative carrier rates or services and will not provide customers with Carrier Identification Codes or access code dialing instructions.

PRE-SUBSCRIPTION INFORMATION

In order to recover the costs associated with the implementation of intraLATA toll dialing parity, KMC III will impose a PIC change charge on its customers for each eligible line where a PIC change is made. KMC III will offer its customers a 90-day grace period following the implementation of this plan during which the customers may change intraLATA carriers without incurring a PIC change charge. Customers can make multiple PIC changes during these 90 days at no charge. After the 90-day period, KMC III will assess the \$5.00 PIC change charge for each PIC change made.

KMC III will offer interexchange carriers the option of having the PIC charge billed to the carrier or directly to the customer.

New line customers, including customers adding lines, will have the opportunity to select a participating carrier, or they will be assigned a NO PIC designation. If a customer cannot decide upon an intraLATA carrier at the time of order, KMC III may extend a 30-day period following placement of the customer's service order for the customer to select an intraLATA carrier without charge. Such a customer will be assigned a NO PIC designation in the interim. After this 30-day period, KMC III will assess the \$5.00 PIC change charge as described above. Customers assigned a NO PIC designation as set forth in this paragraph will be required to dial an access code to reach an intraLATA carrier's network.

If a KMC III customer denies requesting a change in intraLATA toll providers as submitted by an intraLATA carrier, and the intraLATA carrier is unable to produce a Letter of Agency signed by the customer or some other form of verification that is permitted by law, the intraLATA carrier will be assessed a \$30.00 charge for the unauthorized PIC change and the PIC will be changed as per the customer's request. This penalty is in addition to any other penalties authorized by law.

Alternative interexchange carriers may submit PIC changes to KMC III via a fax/paper interface.

KMC III will process intraLATA PIC selections in the same manner and under the same intervals of time as interLATA PIC changes.

Carriers will be required to submit PIC changes using the Customer Account Record Exchange (CARE) format via paper medium. KMC III will provide carriers with PIC order confirmation and reject information using the CARE format. Specific details regarding CARE will be provided to participating carriers.

For customers who change their local service provider from the incumbent LEC to KMC III and retain their incumbent LEC telephone number(s), KMC III, as part of the CARE PIC process, will provide the selected intraLATA carrier with both the retained (incumbent LEC) telephone number and the KMC III telephone number.

Dated: May 18, 1999